

## Message Text

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PAGE 01 BRASIL 02423 292022Z  
ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04  
CEA-01 PA-01 PRS-01 AGRE-00 /080 W  
-----292025Z 033315 /45

P R 292000Z MAR 77  
FM AMEMBASSY BRASILIA  
TO SECSTATE WASHDC PRIORITY 794  
INFO AMCONSUL RIO DE JANEIRO  
AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 2423

E.O. 11652: N/A  
TAGS: EFIN, ETRD, BR  
SUBJ: TRADE DEFICIT IN FEBRUARY

1. ACCORDING TO PRELIMINARY DATA ANNOUNCED BY  
FINANCE MINISTER SIMONSEN, THE TRADE DEFICIT IN  
FEBRUARY CAME TO DOLS 27 MILLION, BRINGING THE  
CUMULATIVE DEFICIT FOR THE FIRST TWO MONTHS  
TO DOLS 108 MILLION. THIS REPRESENTS A SIGNIFICANT  
IMPROVEMENT FROM A DEFICIT OF DOLS 730 MILLION DURING  
THE SAME PERIOD LAST YEAR.

2. TOTAL EXPORTS IN FEBRUARY TOTALLED DOLS 865.5  
MILLION, UP 38.6 PERCENT OVER FEBRUARY 1976. FOR  
THE FIRST TWO MONTHS, EXPORTS AMOUNTED TO DOLS 1,738.6,  
AN INCREASE OF 53.6 PERCENT OVER LAST YEAR. COFFEE  
RECEIPTS JUMPED FROM DOLS 158.4 MILLION DURING JAN/FEB 1976  
TO DOLS 555.6 MILLION DURING JAN/FEB 1977, A RISE OF 250  
PERCENT.

3. IMPORTS, IN NOMINAL TERMS, SHOWED VIRTUALLY  
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NO CHANGE BETWEEN JAN/FEB 1976 AND JAN/FEB  
1977, GOING FROM DOLS 1,861 MILLION TO DOLS 1,829  
MILLION.

BEGIN LOU  
COMMENT:

4. THE FAVORABLE BALANCE OF TRADE TREND REGISTERED SO FAR THIS YEAR HAS STIMULATED A GREAT DEAL OF OPTIMISM IN GOVERNMENT CIRCLES. ALTHOUGH THE OFFICIAL EXPORT TARGET OF DOLS 11.2- DOLS 11.5 BILLION HAS NOT BEEN CHANGED, PRIVATELY POLICY MAKERS ARE WORKING ON THE ASSUMPTION OF AT LEAST A BALANCED TRADE ACCOUNT IN 1977, IF NOT A SMALL SURPLUS. THIS EUPHORIA IS SLOWLY COMING TO THE FORE IN PUBLIC PRO- NOUNCEMENTS, SUCH AS THE ONE MADE BY FINMIN SIMONSEN THIS WEEK THAT HE IS STUDYING THE POSSIBILITY OF LIFTING THE 100 PERCENT PRIOR DEPOSIT ON SOME PRIMARY PRODUCTS (INPUTS) WHICH MUST BE IMPORTED AT ANY PRICE TO KEEP THE INDUSTRIAL SECTOR RUNNING. WHILE OFFICIAL RESERVES DATA ARE NOT YET AVAILABLE FOR EITHER JANUARY OR FEBRUARY, SIMONSEN HAS INDICATED THAT DURING THE FIRST TWO MONTHS OF THE YEAR DOLS 400 MILLION IN CAPITAL INFLOWS WERE RECEIVED IN THE FORM OF BORROWING BY THE PRIVATE SECTOR.

5. POLICY MAKERS HAVE GOOD REASON TO BE SATISFIED WITH THE TRADE RESULTS UP TO NOW, PARTICULARLY SINCE THE FIRST FEW MONTHS OF THE YEAR ARE SEASONALLY ADVERSE. THEY SHOULD NOT LOSE SIGHT OF THE FACT, HOWEVER, THAT THIS OUTCOME HAS BEEN MADE POSSIBLE PRIMARILY BY HIGH COFFEE AND SOYBEAN PRICES, AND THAT THIS DOES NOT NECESSARILY IMPLY A PERMANENT LIMITED OFFICIAL USE

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IMPROVEMENT IN THE FUNDAMENTAL BALANCE OF PAYMENTS POSITION. END LOU  
CRIMMINS

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BALANCE OF PAYMENTS DEFICITS  
**Control Number:** n/a  
**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977BRASIL02423  
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**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Message ID:** 1d4fa1b0-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
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**Review Withdrawn Fields:** n/a  
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**Status:** NATIVE  
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**TAGS:** EFIN, ETRD, BR  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
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